

POSTRETIREMENT EMPLOYMENT

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POSTRETIREMENT EMPLOYMENT

Part-Time Employment of TRS or ERS Retiree

A TRS or ERS retiree employed with an ERS or TRS member agency will continue to receive full retirement benefits provided the retired member meets both of the following conditions:

1. The retiree must not be employed or under contract for full-time employment.
2. The retiree's compensation cannot exceed the limitation on earnings. The limits are subject to change from year to year based upon changes in the Consumer Price Index.

If a retiree's earnings exceed the annual limitation on earnings, the retirement benefit will be suspended for the remainder of the calendar year, or for the remainder of the month if the retiree is subject to a monthly earnings limitation.

- *Retirees who return to work with an ERS or TRS member agency in the same calendar year as their retirement are subject to a monthly earnings limitation.*
- *Retirees who return to work with an ERS or TRS member agency in a subsequent year from their retirement are subject to a yearly earnings limitation.*

(The TRS Summary Plan Description provides the amount of the limitation on earnings.)

Reporting Postretirement Employment Violations

The participating RSA agency must notify the ERS or TRS in writing, verifying the name, Social Security number, employment dates, and earnings of the retiree. In addition, a statement regarding the employment status, full-time or percentage of full-time, of the retiree is required. If no violation has occurred, notification is not necessary.

TRS or ERS Retiree Exceeding Earnings Limit

If a TRS or ERS retiree exceeds the annual or monthly (first year retiree) limitation on earnings, the employing agency must notify the RSA immediately.

Failure to notify the RSA of postretirement employment violations may jeopardize the retiree's retirement benefits from the RSA.

Disability Retiree

A disability retiree is subject to the same earnings limitations as a service retiree, *or* the difference between the average final salary and the annual retirement benefit, whichever is lower. However, if the retiree is employed with a non-participating agency, earnings cannot exceed the difference between the average final salary and the annual retirement benefit. The average final salary is the salary used in the computation of the disability retirement benefit.

Full-Time Employment of TRS Retiree With ERS Agency

A TRS retiree who is employed with an ERS member agency in a permanent full-time position eligible for retirement coverage must begin participation in the ERS. The member's TRS retirement account will be terminated and the remaining funds and creditable service will be transferred and credited to the account established in the ERS.

Full-Time Employment of TRS Retiree With TRS Agency

A TRS retiree who returns to full-time employment with an agency covered by the TRS must notify the Teachers' Retirement System immediately. The agency must notify the TRS in writing providing the date on which the retiree returned to full-time employment. The retirement benefit will be suspended as of the date the retiree returns to full-time employment.

If the retiree remains employed for two years, the retiree may petition the Board of Control for reinstatement to active participation in the TRS. Once the retiree's petition is approved by the Board of Control, the retiree must purchase the two years of post-retirement employment. The service and funds established under the retired account will be transferred to the new active account. The member will then be eligible to retire again with the two years of post-retirement employment included in the calculation of retirement benefits, or may continue to work and contribute to the TRS and retire at a later date.

The cost for the two years of post-retirement employment will be equivalent to the amount that would have been contributed to the TRS had the retiree been an active contributing member of the TRS (five percent of gross salary), plus the interest that have accrued on the agency's contributions (four percent on the average balance).

If the retiree does not work two years or does not wish to be reinstated to active participation after two years, retirement benefits will resume once the retiree terminates employment with the TRS agency. The retiree will not be credited with any additional service credit and will not have the opportunity to establish post-retirement employment service. The retiree's benefit will remain the same as they were receiving at the time they returned to full-time employment, unless the Alabama Legislature enacted a cost of living allowance during the period of post-retirement employment and the retiree was otherwise eligible for the increase.

Full-Time Employment of ERS Retiree With TRS Agency

An ERS retiree who is employed with a TRS member agency in a permanent full-time position eligible for retirement coverage, must begin participation in the TRS. The member's ERS retirement account will be terminated and the remaining funds and creditable service will be transferred and credited to the account established in the TRS.

Employment Restrictions

Retirees who are receiving retirement benefits from the TRS, and are employed with an agency that participates in the TRS or ERS, are subject to limitations on the compensation they can receive without an adverse impact on their retirement benefits. A retiree of the TRS who is restored to active service with a TRS or ERS member agency may continue to receive a full retirement benefit provided that the retired member meets **both of the following conditions**:

- 1) Retiree **must not be employed in a full-time capacity.**
- 2) The Retiree's **compensation during the 2002 calendar year cannot exceed \$18,000.** The limit may increase during subsequent calendar years depending on increases in the Consumer Price Index.

Compensation is defined as, but not limited to, **wages, salary, expenses**, other than reimbursement for expenses which are normally reimbursable employee expenses, **consulting fees**, or **contract payments**.

NOTE: Failure to adhere to both of the above restrictions will result in the suspension of retirement benefits.

During the calendar year in which retirement is effective, the retiree's compensation from a TRS member agency, for any month of employment, may not exceed 1/12 of the earnings limitation. For example, a member who retires June 1 may earn up to \$1,500.00 per month for each month of employment during the remainder of the calendar year from a member agency. The \$1,500.00 represents 1/12 of the annual maximum of \$18,000.00.

A **disability retiree's** earnings are subject to the same limitations set out above or the difference between his/her average final salary and annual retirement benefit whichever is lower, if employed with a TRS or ERS participating agency. However, if employed with a non-participating agency, the retiree's earnings cannot exceed the difference between his/her annual retirement benefit and the average final salary. The average final salary is the salary used in the computation of the disability retirement benefit.

A TRS retiree who is employed with an ERS member agency in a permanent full time position eligible for retirement coverage must begin participation in the ERS and the member's TRS retirement account will be terminated and the remaining funds and creditable service will be transferred and credited to the account established in the ERS.

The earnings of retirees who provide services to participating agencies on a contractual or consulting basis, or who incorporate a business to provide such services, are also subject to the above stated limitations. If a retiree has entered into or is considering entering into a contract with a participating agency of the TRS or ERS, it is recommended that the retiree provide a copy of the contract or proposed contract to the Retirement System for determination of the effect the contract would have upon the retiree's benefit.

Employment with private industry, private education, or a non-participating agency will not affect a service retiree's benefit from TRS. However, a retiree who is receiving a Social Security benefit may wish to contact the Social Security Administration regarding the effect post retirement employment earnings may have upon his/her Social Security benefit.

A retiree should notify the TRS immediately if his/her earnings from a participating member agency exceed the maximum allowed or he/she is employed on a full time basis so that the appropriate benefit adjustment or benefit suspension may be accomplished. If a retiree has any questions regarding post retirement restrictions, he or she should contact the Teachers' Retirement System at 1-800-214-2158.

Audit Information

A calculation of retirement benefits provides the member with benefit amounts based on information contained in our files as well as projected earnings, service and unused sick leave as certified by the employer.

Any changes in the components used to calculate the member's benefits will result in an adjustment in the monthly benefit. Ordinarily, the member's records are audited within six months of retirement to determine that benefits have been calculated correctly.

PLEASE BE REMINDED THAT RETIREMENT ACCOUNTS ARE SUBJECT TO AUDIT BOTH BEFORE AND AFTER RETIREMENT.

